

STATEMENT OF LEGAL AND FACTUAL BASIS

International Paper Company - Franklin Lumber Mill
Franklin, Virginia

Permit No. TRO - 61448

AFS Id. No.: 51-093-00057

Title V of the 1990 Clean Air Act Amendments required each state to develop a permit program to ensure that certain facilities have federal Air Pollution Operating Permits, called Title V Operating Permits. As required by 40 CFR Part 70 and 9 VAC 5 Chapter 80, International Paper Company's Franklin Lumber Mill has applied for a Title V Operating Permit for its Franklin facility. The Department has reviewed the application and has prepared a draft Title V Operating Permit.

Engineer/Permit Contact: _____ Date: August 28, 2008

Air Permit Manager: _____ Date: August 28, 2008

Regional Director: _____ Date: August 28, 2008

I. FACILITY INFORMATION

Permittee

International Paper Company
Franklin Lumber Mill
529 Carrsville Highway
Franklin, Virginia 23851

Responsible Official

Carl Buck
Plant Manager

Facility

Franklin Lumber Mill
476 Carrsville Highway
Franklin, Virginia 23851

Contact Person

Mary Ann Howell
EHS Coordinator
(757) 569-4485

AIRS Identification Number: 51-093-00057

Facility Description: NAICS 321912, 321113, 321999 and/or SIC Code 2421 – The lumber mill consists of a sawmill (debarking and trimming), a planer mill (planer, trim saw and wood hog), three (3) drying kilns and the associated equipment to support these operations. Logs are received, cut, dried and planed to customer specifications, stored and shipped. The lumber mill is currently permitted under Virginia's minor new source review program as a State Major source with a VOC emissions limit of 222 tons/year.

By the definitions in 40 CFR Part 70, the mill is a major source of both criteria pollutants (VOC) and Hazardous Air Pollutants (Methanol). The mill is subject to the MACT standard (40 CFR Part 63, Subpart DDDD) National Emission Standards for Hazardous Air Pollutants: Plywood and Composite Wood Products (PCWP) by definition, however, there are no other requirements other than the initial notification. The mill is in compliance with the initial notification requirements of the MACT. Therefore, IP is in compliance with the MACT and no conditions are listed in this permit regarding the MACT.

The facility is a Title V major source of VOC and Methanol. This source is located in an attainment area for all pollutants, and is a State Major source. The facility was previously permitted under a Minor NSR Permit issued on February 17, 2005. This permit is the renewal of the Title V operating permit with the addition of a new insignificant emission unit.

II. COMPLIANCE STATUS

A full compliance evaluation of this facility, including a site visit, has been conducted. In addition, all reports and other data required by permit conditions or regulations, which are submitted to DEQ, are evaluated for compliance. Based on these compliance evaluations, the facility has not been found to be in violation of any state or federal applicable requirements at this time.

III. EMISSION UNIT IDENTIFICATION

The significant emissions units at this facility are listed below:

| Emission Unit ID | Emission Unit Description | Size/Rated Capacity* | Applicable Permit Date |
|--------------------------------|--|----------------------|------------------------|
| Lumber Drying Kilns (3) | | | |
| 1L | Lumber Dry Kiln, Irvington-Moore, May 1982 | 163 MBF/charge | None - exempt |
| 2L | Lumber Dry Kiln, Irvington-Moore, May 1982 | 163 MBF/charge | None - exempt |
| 3L | Lumber Dry Kiln, Wellons, Sept 1989 | 126 MBF/charge | None - exempt |
| Planing Mill Equipment | | | |
| 4L | Planer, Newman Whitney, 1989 | 60 MBF/hr | 2/17/05 mNSR |
| 5L | Trim Saw, Irvington-Moore, 1989 | 60 MBF/hr | 2/17/05 mNSR |
| 6L | Waste Wood Hog, Stedman, 1989 | 60 MBF/hr | 2/17/05 mNSR |

IV. EMISSIONS INVENTORY

A copy of the 2007 annual emission update is attached. Emissions are summarized in the following table.

| Pollutant | 2007 Pollutant Emission in Tons/Year | | | |
|-----------|--------------------------------------|-----|------------------|----------|
| | VOC | PM | PM ₁₀ | Methanol |
| Total | 158 | 6.4 | 6.4 | 10.9 |

V. APPLICABLE REQUIREMENTS

A. Limitations

The following Federal Regulation has a specific requirement that is applicable:

40 CFR Part 63, Subpart DDDD - MACT for Plywood and Composite Wood Products - Notification Only

40 CFR Part 64 - Compliance Assurance Monitoring

The following Virginia Administrative Codes have specific requirements that have been determined to be applicable:

9 VAC 5-40-30 - Emission Testing of Existing Stationary Sources

9 VAC 5-50-80 - New and Modified Source Standard for Visible Emissions

9 VAC 5-50-20 - New and Modified Source Compliance Requirements

9 VAC 5-50-260 - New and Modified Source Standard for Stationary Sources (BACT)

9 VAC 5-40-2270 - Existing Source Standard for Particulate Matter for Woodworking Operations

The limitation Conditions for Sections III, IV, and V of the Title V operating permit are based on the requirements in the February 17, 2005, State Major NSR permit for the facility. A copy of the permit is attached to this Statement of Legal and Factual Basis.

B. Monitoring

The State Major NSR permit issued on February 17, 2005, contains specific monitoring requirements for opacity and fabric filter operations. A Compliance Assurance Monitoring (CAM) plan for the fabric filter on the planing mill has been added to the Title V permit. Weekly visual evaluations, and corrective action if necessary, are required, with corresponding recordkeeping requirements.

C. Recordkeeping

The permit includes requirements for maintaining records of throughputs, visual evaluations/corrective actions/visual emissions evaluations, and all monitoring, maintenance and training required by the permit.

D. Testing

The permit does not require source tests. The Department and EPA have authority to require testing not included in the permit if necessary to determine compliance with an emission limit or standard.

E. Reporting

The permit requires CAM reporting as well as Title V certifications, and emission statements. The general conditions include general reporting requirements.

F. Streamlined Requirements

The State Major NSR permit includes a "Requirements by Reference" condition (Condition 13) for MACT DDDD requirements. This condition has been streamlined out because initial notification is complete, and it is the only requirement applicable to this facility.

Condition III.B.1. - We have streamlined out the word "calibrated" from the second sentence as it is not applicable to this type of gauge.

G. General Conditions

The permit contains general conditions required by 40 CFR Part 70 and 9 VAC 5-80-110 that apply to all Federal-operating permitted sources. These include requirements for submitting semi-annual monitoring reports and an annual compliance certification report. The permit also requires notification of deviations from permit requirements or any excess emissions.

Comments on General Conditions

1. Condition B. Permit Expiration

This condition refers to the Board taking action on a permit application. The Board is the State Air Pollution Control Board. The authority to take action on permit application(s) has been delegated to the Regions as allowed by §2.1-20.01:2 and §10.1-1185 of the *Code of Virginia*, and the “Department of Environmental Quality Agency Policy Statement No. 2-2003”.

2. Condition F. Failure/Malfunction Reporting

Section 9 VAC 5-20-180 requires malfunction and excess emission reporting within four hours of discovery. Section 9 VAC 5-80-250 of the Title V regulations also requires malfunction reporting; however, reporting is required within two days. Section 9 VAC 5-20-180 is from the general regulations. All affected facilities are subject to section 9 VAC 5-20-180 including Title V facilities. Section 9 VAC 5-80-250 is from the Title V regulations. Title V facilities are subject to both sections. A facility may make a single report that meets the requirements of 9 VAC 5-20-180 and 9 VAC 5-80-250. The report must be made within four daytime business hours of discovery of the malfunction.

3. Condition J. Permit Modification

This general condition cites the sections that follow:

- 9 VAC 5-80-50. Applicability, Federal Operating Permit For Stationary Sources.
- 9 VAC 5-80-190. Changes to Permits.
- 9 VAC 5-80-260. Enforcement.
- 9 VAC 5-80-1100. Applicability, Permits For New and Modified Stationary Sources.
- 9 VAC 5-80-1790. Applicability, Permits For Major Stationary Sources and Modifications Located in Prevention of Significant Deterioration Areas.
- 9 VAC 5-80-2000. Applicability, Permits for Major Stationary Sources and Major Modifications Locating in Nonattainment Areas.

4. Condition U. Malfunction as an Affirmative Defense

The regulations contain two reporting requirements for malfunctions that coincide. The reporting requirements are listed in sections 9 VAC 5-80-250 and 9 VAC 5-20-180. The malfunction requirements are listed in General Condition U and General Condition F. For further explanation see the comments on general condition F.

5. Condition Y. Asbestos Requirements

The Virginia Department of Labor and Industry under Section 40.1-51.20 of the Code of Virginia also holds authority to enforce 40 CFR 61 Subpart M, National Emission Standards for Asbestos.

VI. STATE ONLY APPLICABLE REQUIREMENTS

The following Virginia Administrative Codes have specific requirements only enforceable by the State:

9 VAC 5, Chapter 50, Article 2 – Odorous Sources

9 VAC 5, Chapter 60, Article 5 – Toxic Pollutants from New and Modified Sources

VII. FUTURE APPLICABLE REQUIREMENTS

There are no known future applicable requirements for this facility.

VIII. INAPPLICABLE REQUIREMENTS

The startup, shut down, and malfunction opacity exclusion listed in 9 VAC 5-40-20 A 3, cannot be included in any Title V permit. This portion of the regulation is not part of the federally approved state implementation plan.

The opacity standard applies to existing sources at all times including startup, shutdown, and malfunction. Opacity exceedances during malfunction can be affirmatively defended provided all requirements of the affirmative defense section of this permit are met. Opacity exceedances during startup and shut down will be reviewed with enforcement discretion using the requirements of 9 VAC 5-40-20 E, which state that "At all times, including periods of startup, shutdown, soot blowing and malfunction, owners shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with air pollution control practices for minimizing emissions."

IX. COMPLIANCE PLAN

There is no compliance plan for this facility.

X. INSIGNIFICANT EMISSION UNITS

The insignificant emission units are presumed to be in compliance with all requirements of the Clean Air Act as may apply. Based on this presumption, no monitoring, recordkeeping or reporting shall be required for these emission units in accordance with 9 VAC 5-80-110.

Insignificant emission units include the following:

| Emission Unit No. | Emission Unit Description | Citation | Pollutant(s) Emitted (9 VAC 5-80-720 B) | Rated Capacity (9 VAC 5-80-720 C) |
|-------------------|-------------------------------|-----------------|--|--------------------------------------|
| IS7 | Wood chipper and chip loading | 9 VAC 5-80-720B | PM/PM ₁₀ | 45,000 tons/yr |
| IS8 | Lumber Mill Saw | 9 VAC 5-80-720B | PM/PM ₁₀ | 60.0 MBF/hr |
| IS8 | Band Saw | 9 VAC 5-80-720B | PM/PM ₁₀ | 1.7 MBF/hr |
| IS9 | Lumber debarking | 9 VAC 5-80-720B | PM/PM ₁₀ | 600,000 tons/yr |
| IS11 | Unpaved road traffic | 9 VAC 5-80-720B | PM/PM ₁₀ | Unknown |
| L7 | Cambio Log Debarker | 9 VAC 5-80-720B | PM/PM ₁₀ | 40 MBF/hr |
| HOLTEC | Holtec Saw | 9 VAC 5-80-720B | PM/PM ₁₀ | Batch process |

¹The citation criteria for insignificant activities are as follows:

9 VAC 5-80-720 A - Listed Insignificant Activity, Not Included in Permit Application

9 VAC 5-80-720 B - Insignificant due to emission levels

9 VAC 5-80-720 C - Insignificant due to size or production rate

XI. CONFIDENTIAL INFORMATION

All sections of the application and permit are suitable for viewing by the public. The source has not claimed confidentiality for any information.

XII. PUBLIC PARTICIPATION

The proposed permit will be placed on public notice in the Tidewater News from July 13, 2008 to August 12, 2008.